

Message Text

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PAGE 01 STATE 063023
ORIGIN STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01
DOE-11 /117 R

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LABOR/WRENISON
STR: WBKELLY,JR
STR/TGRAHAM
TREAS/EBARBER
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USDA/JHUDSON
STATE/WBARRACLOUGH

-----075512 111504Z /53

P 110132Z MAR 78
FM SECSTATE WASHDC
TO USMISSION GENEVA PRIORITY
INFO AMEMBASSY BRUSSELS PRIORITY

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USEEC

E.O. 11652: N/A

TAGS: ETRD, GATT, EC, US

SUBJECT: GATT COUNCIL: DISC AND EUROPEAN TAX PRACTICES

REF: GENEVA 3539

, .MBASSADOR WOLFF URGED DENMAN AT TIME OF CG-18 MEETING
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PAGE 02 STATE 063023

TO KEEP DISC AND EUROPEAN TAX PRACTICES OFF GATT COUNCIL
AGENDA AND SUSPEND FOR TIME BEING ITS PROPOSAL FOR REFERRAL
OF "EXPORT ACTIVITY" ISSUE TO COUNCIL CHAIRMAN IN VIEW OF
UPCOMING CONGRESSIONAL CONSIDERATION OF PRESIDENT'S PRO-
POSAL TO PHASE OUT DISC BENEFITS AND LIKELIHOOD THAT ANY
PERCEIVED WEAKENING OF U.S. GATT COUNCIL POSITION ON DISC
WOULD UNDERMINE DOMESTIC SUPPORT FOR PRESIDENT'S PROPOSAL.

EC INSISTED ON PERSEVERING, HOWEVER.

2. DURING U.S.-EC DISCUSSIONS HERE MARCH 8-9, WOLFF GAVE DENMAN AN OUTLINE OF POSSIBLE SOLUTION TO DISC/EUROPEAN TAX PRACTICES IMPASSE IN GATT, WHICH INCORPORATED MAIN LINES OF MISSION'S SUGGESTION WITH CHANGES IN SUBSTANCE OF QUALIFICATIONS TO EUROPEAN TAX PRACTICES REPORTS. DENMAN PROMISED TO STUDY OUTLINE AND RESPOND AT LATER DATE BUT MADE NO COMMITMENT ABOUT EASING PRESSURE IN COUNCIL.

3. MISSION SHOULD CONTACT EC DEL BEFORE MEETING AND ATTEMPT TO DISSUADE EC REPRESENTATIVE FROM PRESSING ATTACK AT

COUNCIL SINCE BRUSSELS HAS U.S. PROPOSALS UNDER STUDY. IF EC NEVERTHELESS PRESSES FOR REFERRAL OF "EXPORT ACTIVITY" ISSUE TO COUNCIL CHAIRMAN, U.S. REPRESENTATIVE SHOULD OPPOSE ON GROUNDS THAT IT WOULD CREATE PRECEDENT FOR ILL-ADVISED PROCEDURE FOR APPEAL OF FUTURE PANEL FINDINGS. HE SHOULD ADD THAT IN U.S. VIEW ROUTE OUT OF CURRENT IMPASSE CAN BE FOUND IN DISCUSSIONS BETWEEN PARTIES TO DISPUTE AND NOTE THAT U.S. HAS JUST MADE PROPOSALS TO EC WHICH WE HOPE WILL LEAD TO A CONSTRUCTIVE SOLUTION. VANCE

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Message Attributes

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Disposition Approved on Date:
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